

ORIGINAL

OPEN MEETING

MEMORANDUM



0000090078

RECEIVED

2008 OCT 29 P 1:50

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: October 29, 2008

RE: SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT ON BEHALF OF ITSELF AND ARIZONA PUBLIC SERVICE COMPANY, SANTA CRUZ WATER AND POWER DISTRICTS ASSOCIATION, SOUTHWEST TRANSMISSION COOPERATIVE, INC., AND TUCSON ELECTRIC POWER IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES SECTION 40-360, ET SEQ., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF THE PINAL WEST TO SOUTHEAST VALLEY/BROWNING PROJECT INCLUDING THE CONSTRUCTION OF TRANSMISSION LINES FROM PINAL WEST TO THE BROWNING SUBSTATION AND OTHER INTERCONNECTION COMPONENTS IN PINAL AND MARICOPA COUNTIES, ARIZONA (DOCKET NO. L-00000B-04-0126-00000)

Please find attached the Staff Report for the above matter, which was docketed on September 30, 2008, as well as the proposed order to be considered at the November 12 and 13, 2008 Open Meeting.

Ernest G. Johnson
Director
Utilities Division

EGJ:PKB:lhmm\CH

ORIGINATOR: Prem K. Bahl

Arizona Corporation Commission

DOCKETED

OCT 29 2008

DOCKETED BY	
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MEMORANDUM

RECEIVED

TO: Docket Control Center
THRU: Ernest C. Johnson
Director
Utilities Division
FROM: Prem Bahl
Electric Utilities Engineer
Utilities Division

2008 SEP 30 P 4: 27

AZ CORP COMMISSION
DOCKET CONTROL

DATE: September 30, 2008

RE: STAFF REPORT ANALYZING SALT RIVER PROJECT'S COMPLIANCE WITH CONDITION NO. 23 IN DECISION NO. 68093 AND REQUEST FOR APPROVAL TO CONSTRUCT A 230 KV LINE ON TWO SEGMENTS OF THE PINAL WEST TO SOUTHEAST VALLEY 500 KV LINE - DOCKET NO. L-00000B-04-0126

Staff concludes that Salt River Project ("SRP") has complied with Condition No. 23 of Decision No. 68093. Staff recommends approval of SRP's request to construct the referenced 230 kV transmission line. Staff does not recommend a hearing in this proceeding.

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Docket No. L-00000B-04-0126

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**SALT RIVER PROJECT
DOCKET NO. L-00000B-04-0126**

**REQUEST FOR APPROVAL TO CONSTRUCT
A 230 kV CIRCUIT ON A PORTION OF THE 500 kV LINE
FROM PINAL WEST TO SOUTHEAST VALLEY**

SEPTEMBER 29, 2008

**EXECUTIVE SUMMARY
SALT RIVER PROJECT
DOCKET NO. L-00000B-04-0126**

Salt River Project ("SRP") has requested approval to construct a 230 kV circuit on two separate segments of the 500 kV line from Pinal West Substation to Southeast Valley Substation. Authorization to construct the 500 kV line was granted by Decision No. 68093 in Docket No. L-00000B-04-0126. This report concludes that SRP has complied with Condition No. 23 of the respective Certificate of Environmental Compatibility ("CEC"). Staff also recommends Commission approval of construction of the requested 230 kV circuits as requested, for the stated purposes, and without the need for a hearing.

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PURPOSE OF STAFF REPORT

On June 30, 2008, Salt River Project ("SRP"), as Project Manager, filed a request for Arizona Corporation Commission ("ACC" or "Commission") approval to construct a 230 kV circuit on two separate segments of the 500 kV line from Pinal West Substation to Abel (formerly Southeast Valley) Substation to Browning. A Certificate of Environmental Compatibility ("CEC") granting SRP authorization to construct the 500 kV line was previously approved by Commission Decision No. 68093 in Docket No. L-00000B-04-0126. That CEC granted SRP authority to construct a 230 kV circuit on the 500 kV structures between Santa Rosa Substation and the Abel Substation subject to Condition No. 23. The Commission previously approved another request made pursuant to Condition No. 23 in the matter of the 230 kV segment from Cornman Road (near its intersection with Thornton Road) to the Pinal Central (formerly Pinal South) Substation in December 2006 (Decision No. 69183).

This Staff Report serves a three-fold purpose. It first determines to what degree SRP has complied with Condition No. 23 of its CEC. Secondly, it ascertains whether the Commission should authorize construction of the 230 kV circuit as proposed. Finally, as required by Condition No. 23, Staff offers a recommendation of whether a hearing should be held in this matter.

SRP'S AND ELECTRICAL DISTRICTS' COMPLIANCE STATUS

SRP has been granted authority to construct a 230 kV circuit on the 500 kV structures between Santa Rosa and the SEV Substations. SRP proposes to utilize the 500 kV structures to add two 230 kV circuits 1) from the Santa Rosa Substation to a point on Cornman Road, near its intersection with Thornton Road and 2) from the Pinal Central Substation to Abel Substation along the approved corridor depicted in Staff Exhibit A. The first segment requested is identified in green on Staff Exhibit A and the second segment is shown in blue. The structures that are to be used are tubular steel monopoles that are depicted in Staff Exhibit B. Such authority to construct is contingent upon SRP complying with Condition No. 23 of its CEC. That condition has three paragraphs requiring SRP action (see Exhibit D).

The segment identified as segment 1 will be utilized by the Electrical Districts #2, #3 and #4 of Pinal County and Southwest Transmission Cooperative ("EDs") for the operation of the proposed Sawtooth Generating Station ("Sawtooth Plant"), a project under development by members of the Southwest Public Power Resources Group ("SPRR Group"), including the EDs. The EDs complied with Condition 23 (b), which requires them to submit a written study to the Commission's Utilities Division describing the proposed 230 kV circuit from Santa Rosa to a point on Cornman Road, near its intersection with Thornton Road ("Segment 1 Line"), approximately 21 miles long. The Santa Cruz Water and Power Districts Association ("SCWPD") included the Segment 1 Line in its ten-year plan filed in ACC Docket No. E-00000D-07-0376 in January 2008. ED3 and ED4 are members of SCWPD.

Segment 2 will be utilized by SRP to access future generation resources connecting to the Southeast Valley system at Pinal Central and along the transmission line alignment, including the proposed Coolidge Generating Station. On August 8, 2008, Coolidge Power Corporation ("Coolidge Power"), applied to the Commission for a Certificate of Environmental Compatibility for the construction of the Coolidge Generating Station ("Coolidge Plant") in Docket No. L-00000HH-08-0422-00141. The hearings by the Power Plant and Line Siting Committee on this case started on September 29, 2008.

Condition No. 23 (a) requires SRP to identify the proposed use of the planned 230 kV facilities in its January 2006 ten-year plan filing with the Commission. The proposed 230 kV facilities and required technical studies were to be filed in each subsequent ten-year plan filing until the 230 kV facilities are constructed. SRP has made the required filings to date. Its 2008 ten-year plan included project descriptions for a possible 230 kV circuit for both segments of the line requested in this submittal. The filing also included the 2006 Central Arizona Transmission System High Voltage ("CATS-HV") Saturated Load and Transmission Study report. The January 2008 ten-year plan filed by SCWPD also included a description and need of a 230 kV circuit for the segment 1 area. SRP's Attachment A with the present filing in this proceeding is a "Report on EDs' Request for Approval to Construct 230 kV Circuit, Segment 1 Line, on a Portion of the 500 kV Structures in Compliance with Condition 23."

Several requirements are specified in Condition No. 23 (b). SRP has complied with each of those requirements. In its June 30, 2008 filing, SRP has included three separate reports and technical study work supporting the two segments of proposed 230 kV circuit. SRP filed the aforementioned 2006 CATS-HV report, a Three Terminal Plan ("TTP") Corridor Outage Study for Segment 1 Line¹, and Interconnection System Impact Study for the Coolidge Generating Station² to support the need for segment 2 as exhibits to its June 30, 2008 filing in this proceeding.

The CATS-HV Saturated Load and Transmission Study report ("CATS-HV Study") addresses how the proposed projects associated with the two segments of the 230 kV line being requested could meet the long term load serving needs of the region. The report also identifies these segments of the 230 kV line as an integral part of a plan devised by the "stakeholders" in the area to serve anticipated load growth in the local area. The open and collaborative manner in which the CATS-HV Study was performed afforded a process open to a wide array of interested stakeholders.

The technical report on Segment 1 Line was prepared by K.R. Saline & Associates, PLC ("KRSA"). In this report, EDs have proposed a TTP, shown in the attached Exhibit C of Staff report. Circuit 1 of this TTP is proposed to be connected to the Segment 1 Line. The TTP is designed to provide delivery of the proposed Sawtooth Plant to the Load Serving Entities in the Pinal County area. This technical Study report addresses reliability issues related to the use of

¹ Prepared by K.R. Saline & Associates, PLC

² Prepared by SRP

common corridors for multiple transmission lines and the consolidation of lines on common structures. It considered the power flow, post-transient and transient stability results for loss of all elements in a common corridor or on a common structure. The scope of this Study was sufficiently broad to offer meaningful conclusions regarding system reliability implications of the proposed 230 kV line. As such it complies with the requirements of Condition No. 23 (b).

The System Impact Study for the TransCanada Coolidge Generating Station was conducted by SRP, and the results of this technical study were documented in the report dated December 13, 2007. This report is attached as Exhibit B-2 with this filing. This technical Study report documents the results of Power Flow, Post Transient and Transient Stability, and Short Circuit analyses, and addresses the reliability issues related to the use of common corridors for multiple transmission lines and the consolidation of lines on common structures. It also considered the power flow, post-transient and transient stability results for loss of all elements in a common corridor or on a common structure. The scope of this study covered a wide variety of alternatives and was sufficiently broad to present credible conclusions regarding system reliability implications of the proposed 230 kV line. As such it complies with the requirements of Condition No. 23 (b).

PRESUMPTION OF NEED

SRP reports that the new 230 kV line from Pinal Central (previously Pinal South) Substation to Abel (previously SEV) Substation, approximately 30 miles long, is needed to meet the growing customer load in the Pinal County, and to receive under a 20-year contract the full output of the proposed Coolidge Plant. The Coolidge Plant will be interconnected to this 230 kV line thru the newly proposed 230 kV Randolph Substation located at the site of the Coolidge Plant. This line would also increase the reliability of the transmission system out of SRP's Desert Basin generating plant and into the Pinal County electric system. This line will be further connected from Abel Substation to the 230kV Dinosaur Substation soon after the commercial operation of the Coolidge Plant.

SRP reports several benefits of constructing the 230 kV Project. First, the much-needed voltage support to the load in the Pinal County area will be provided by the new generation resource at Coolidge, which will be interconnected to this line. Second, this line provides the load serving entities in the Pinal County area a great opportunity for interconnection. Third, the addition of this line would serve the needs of the CATS-HV study area.

The need and benefits of the Segment 1 Line reported in the KRSA Study include the delivery of the output of the proposed Sawtooth Plant to load serving entities in Pinal County through the development of the TTP. The TTP will interconnect and inject power into the existing 230/115 kV transmission system at three locations: the Western Area Power Administration ("Western")/APS Santa Rosa 500 kV Substation, the Southwest Transmission Cooperative's ("SWTC") future 230 kV Marana Substation and the jointly owned Pinal Central 500/230/115 kV Substation. Lastly, the addition of the Segment 1 Line is consistent with the long range transmission plans identified by the CATS-HV Subcommittee as necessary to serve

the anticipated saturated load in the CATS-HV study area bounded by Phoenix, Tucson, Florence, and Maricopa. Furthermore, the Segment 1 Line connection to the TTP will assist in meeting the SPPR Group's projected future generation requirement of approximately 2,300 MW.

NO ADDITIONAL CONDITIONS NEEDED

It is Staff's opinion that with its June 30, 2008 filing, SRP has complied with the requirements of Condition No. 23. In the filing of this report, Staff has fulfilled its Condition No. 23 (c) requirement to respond within 90 days to SRP's filed study work. For these reasons Staff finds no need for additional conditions to be applied in this matter.

STAFF'S ASSESSMENT, CONCLUSIONS AND RECOMMENDATION

The CATS-HV Study issued on September 21, 2006, defines scope of the technical study, which was to identify a transmission system necessary to serve the saturated load in the CATS-HV area on a long-term basis. This load is estimated to be 10,000 MW. The load assumed in the CATS-HV Study was approximately 500 MW. The Santa Rosa to Thornton Road line and the Pinal Central to Abel line are integral components of the system described in the CATS-HV Study. The study assumptions of load and generation levels, and of the required transmission system, were based on input from all the stakeholders on a collaborative basis. The study results met the WECC/NERC criteria, and were approved by the South West Area Transmission ("SWAT") Group. Staff concurs with the professed need of constructing the two segments of the 230 kV line in this proceeding based on the results of this study, and as previously discussed under "PRESUMPTION OF NEED."

CONCLUSIONS

1. Based on Staff's review of the technical studies, which included power flows depicting the results of N-1 single contingencies, N-1-1 and N-2 (non-simultaneous and simultaneous) contingencies and multiple corridor outages, post transient and transient stability, and short circuit outages, Staff concludes that there will be no negative reliability impact in the near-term of constructing the two segments of the 230 kV line on the same structures of the 500 kV line from Santa Rosa to Pinal Central to Abel Substations.

In the aforementioned technical study, KRSA analyzed impacts on system reliability of outages of eleven transmission corridors in the region. Based on the review of this technical study, Staff concludes that the addition of the TTP transmission system and the Sawtooth Plant caused no adverse impacts to the line loadings and bus voltages in the study area for any of the corridor outages studied. The need for a Commission hearing regarding the TTP and Sawtooth Plant is negated by the statutory requirement by SPPR to file an application for a CEC related to the development of the Sawtooth Plant.

2. Staff further concludes that with its June 30, 2008 filing, SRP is currently compliant with all of the requirements of Condition No. 23 of its CEC granted by Decision No. 68093. In the filing of this report, Staff has also fulfilled its Condition No. 23 (c) requirement to respond within 90 days to SRP's filed study work. Therefore, Staff finds no reason to recommend additional conditions be adopted in this matter. There is sufficient evidence for Staff to conclude that the need for these two segments of 230 kV circuit has been amply demonstrated. Staff also concludes that the construction of these 230 kV line segments in consolidation with the 500 kV structures from Santa Rosa to Pinal Central to Abel 500 kV line poses no material near-term system reliability risks. Such construction is also compatible with and supportive of the long range service needs defined by local stakeholders.

RECOMMENDATION

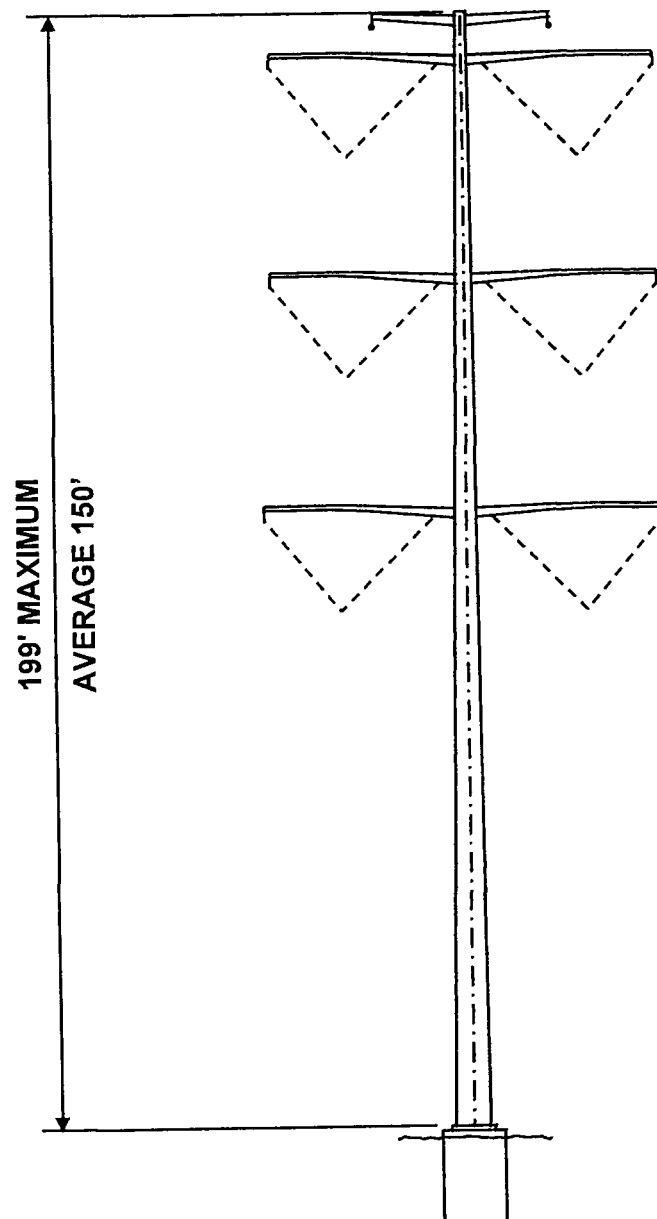
Based on Staff's aforementioned assessment and conclusions, Staff recommends Commission approval of SRP's request to construct the 230 kV line segments on common 500 kV structures.

EXHIBIT A

[illegible]

EXHIBIT B

EXHIBIT B



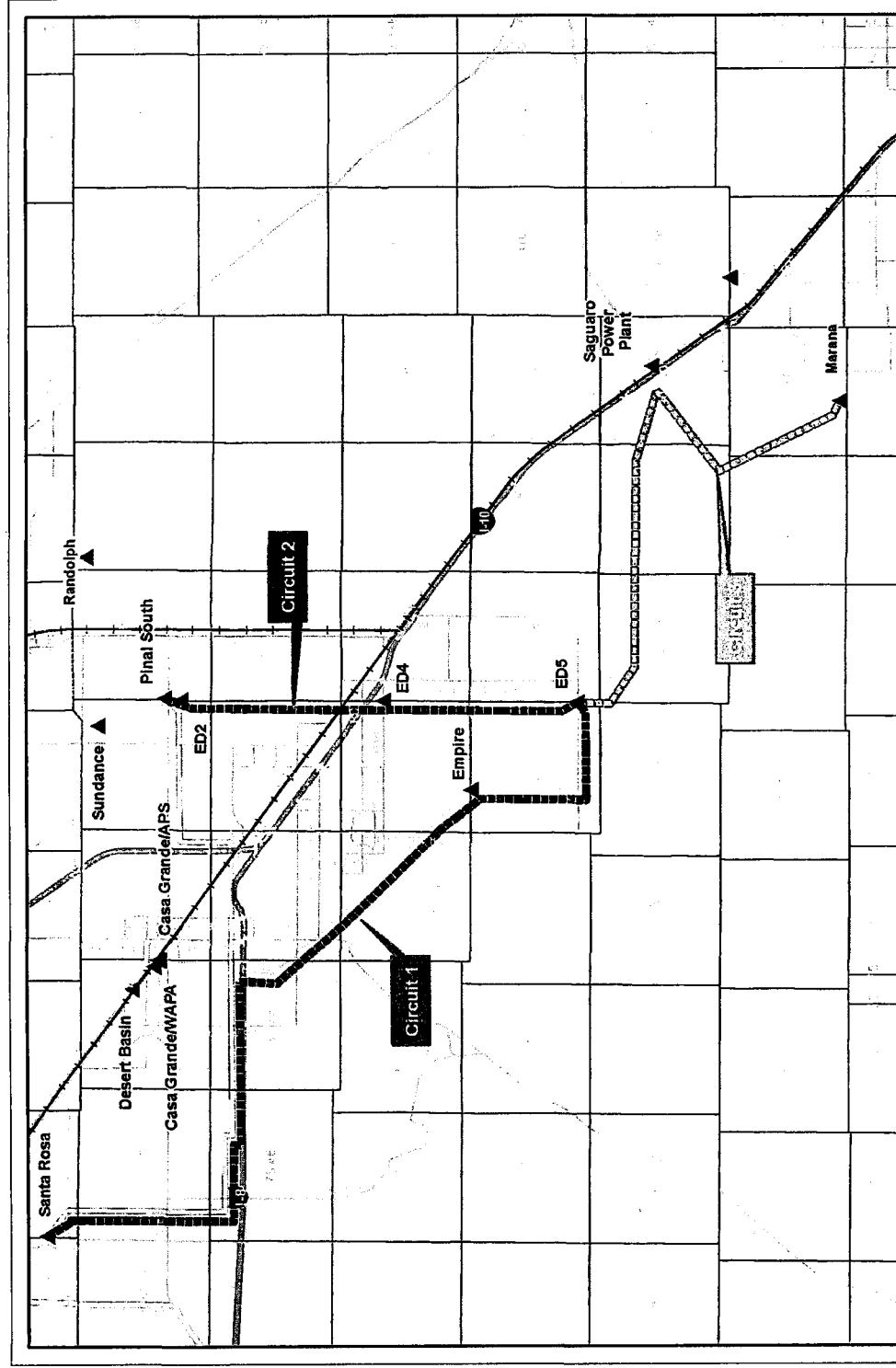
Double Circuit Tubular Steel Structure

Insulator assemblies may consist of:
V-string, I-string, braced I-string,
horizontal vee, post, braced post,
etc. and in suspension or dead-end
application.

EXHIBIT C

EXHIBIT C

The Three Terminal Plan - Map



Print Date: 2/14/2008

DISCLAIMER:
The information contained herein is for informational purposes only and does not constitute an offer of insurance or any other financial product. The information is not intended to be used as a basis for any investment decision. The information is not intended to be used as a basis for any investment decision.

Preliminary SPPR Group
"Three Terminal Plan" For Pinal County Sites



EXHIBIT D

EXHIBIT D

Page 1 of 3

CONDITION 23

23. The authority granted by this Certificate includes the authority to construct a 230 kV circuit on the 500 kV structures (authorized within this Certificate), between the Santa Rosa and SEV Substations. This authority is contingent on the following:

- (a) The Applicant will identify proposed use of the 230 kV facilities in a January 2006 filing of the annual ten year plan submittals. The Applicant will include the 230 kV facilities and the required technical study work in each subsequent ten year plan filing until the 230 kV facilities are constructed.
- (b) Prior to beginning construction of a 230 kV circuit on any portion of the route between the Santa Rosa and SEV Substations, Applicant shall submit to the Utilities Division of the Arizona Corporation Commission ("ACC Staff") a written study that describes the proposed 230 kV circuit and provides all available study results of a system reliability analysis relating to the proposed circuit, including but not limited to, studies demonstrating that the proposed 230 kV circuit meets NERC/WECC reliability criteria as well as any other criteria utilized by the Commission at the time of filing. The study will also identify the needs and objectives of the stakeholders, address how the 230 kV circuit will best meet the regional needs of the stakeholders and address how the 230 kV circuit will be incorporated with other long term 230 kV plans identified to meet the load serving needs of the region. The study will also address

EXHIBIT D**Page 2 of 3****CONDITION 23**

1 issues of reliability relating to consolidation of these lines on
2 common structures, the use of common corridors and
3 interconnection of facilities. The study work will be performed in an
4 open and collaborative manner open to all stakeholders in a regional
5 forum, such as the CATS-HV Technical Study Work Group.

- 6 (c) Upon the submission of the study work described in subsection b (in
7 the paragraph above) to the ACC Staff, the Applicant shall make a
8 compliance filing with Docket Control documenting said study work
9 submission. The ACC Staff shall then docket within 90 days a Staff
10 Report with regard to the Applicant's study work. The Staff Report
11 shall include a Staff recommendation as to whether a hearing should
12 be held in the matter as well as Staff's recommendation as to whether
13 the Commission should approve the Applicant's request to attach a
14 230 kV circuit line to the 500 kV structures. Regardless of whether
15 the matter proceeds to hearing, the Commission shall make the final
16 determination whether the Applicant is authorized to construct the
17 230 kV circuit on any portion of the common 500 kV line structures
18 spanning from Santa Rosa to the SEV Substations. Only upon
19 receipt of an affirmative determination from the Commission, may
20 the Applicant construct the 230 kV circuit described in subsection a.
21 (d) A request for approval of a particular 230 kV circuit shall not
22 preclude subsequent requests for other 230 kV circuits.

23 With respect to the Project, Applicant shall participate in good faith in state and
24 regional transmission study forums, and shall coordinate transmission expansion
25 plans related to the Project to resolve transmission constraints in a timely
26

CONDITION 23**EXHIBIT D**
Page 3 of 3

manner.

24. Applicant shall provide copies of this Certificate to appropriate city and county planning agencies, SHPO, AGFD and ASLD.
25. Applicant shall work with homebuilders and developers along the route to encourage them to include the identity and location of the certificated route in the homebuilders' and homeowners' disclosure statements.
26. Applicant shall publish a copy of this certificate and the attachments on Applicant's project website within 10 days of approval by the Corporation Commission. Such publication shall continue until all necessary right-of-way has been obtained.
27. Upon the start of construction for each of RS-19, Pinal South and Southeast Valley substations, Applicant shall work with the applicable jurisdictions to determine appropriate landscaping/visual mitigation for the particular site.

GRANTED this 8 day of June, 2005.

**THE ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING
COMMITTEE**

By Laurie A. Woodall
Laurie A. Woodall, Chairman

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 MIKE GLEASON
3 Chairman
4 WILLIAM A. MUNDELL
5 Commissioner
6 JEFF HATCH-MILLER
7 Commissioner
8 KRISTIN K. MAYES
9 Commissioner
10 GARY PIERCE
11 Commissioner

12 IN THE MATTER OF THE APPLICATION
13 OF SALT RIVER PROJECT
14 AGRICULTURAL IMPROVEMENT AND
15 POWER DISTRICT ON BEHALF OF
16 ITSELF AND ARIZONA PUBLIC SERVICE
17 COMPANY, SANTA CRUZ WATER AND
18 POWER DISTRICTS ASSOCIATION,
19 SOUTHWEST TRANSMISSION
20 COOPERATIVE, INC., AND TUCSON
21 ELECTRIC POWER IN CONFORMANCE
22 WITH THE REQUIREMENTS OF
23 ARIZONA REVISED STATUTES SECTION
24 40-360, et seq., FOR A CERTIFICATE OF
25 ENVIRONMENTAL COMPATIBILITY
26 AUTHORIZING CONSTRUCTION OF THE
27 PINAL WEST TO SOUTHEAST
28 VALLEY/BROWNING PROJECT
29 INCLUDING THE CONSTRUCTION OF
30 TRANSMISSION LINES FROM PINAL
31 WEST TO THE BROWNING SUBSTATION
32 AND OTHER INTERCONNECTION
33 COMPONENTS IN PINAL AND
34 MARICOPA COUNTIES, ARIZONA

DOCKET NO. L-00000B-04-0126-0000
DECISION NO. _____
ORDER

Open Meeting
November 12 and 13, 2008
Phoenix, Arizona

BY THE COMMISSION:

On August 25, 2005, the Arizona Corporation Commission ("Commission") issued Decision No. 68093 in this docket, which granted a modified and amended Certificate of Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission

1 Line Siting Committee ("Siting Committee") to the Salt River Project Agricultural
2 Improvement and Power District ("SRP" or "Applicant"). On November 14, 2005, the
3 Commission issued Decision No. 68291 in this docket, which amended Decision No. 68093 to
4 expand the corridor width of the CEC.

5 On December 8, 2006, the Commission issued Decision No. 69183 in this docket,
6 which granted SRP the authority to construct a portion of the Desert Basin to Pinal Central
7 (formerly Pinal South) 230 kV line on common 500 kV structures with the Santa Rosa to Pinal
8 Central 500 kV line pending the approval of the CEC for the Desert Basin 230 kV Project.
9 The Commission granted the CEC for the Desert Basin 230 kV Project on June 6, 2007 in
10 Decision No. 69647.

11 On June 30, 2008, SRP filed a request in this docket pursuant to Condition No. 23 of
12 the CEC granted in Decision No. 68093 for Commission approval to construct a 230 kV circuit
13 on two separate segments of the 500 kV line from Pinal West Substation to Abel (formerly
14 Southeast Valley) Substation. Specifically, SRP proposes to use the 500 kV structures to add a
15 230 kV circuit 1) from Santa Rosa Substation to a point on Cornman Road, near its
16 intersection with Thornton Road and 2) from the Pinal Central Substation to the Abel
17 Substation. Segment 1 will be utilized by the Electrical Districts #2, #3 and #4 of Pinal
18 County and Southwest Transmission Cooperative for the operation of the proposed Sawtooth
19 Generating Station, a project under development by the members of the Southwest Public
20 Power Resources Group ("SPRR Group"). Segment 2 will be utilized by SRP to access future
21 generation resources connecting to the Southeast Valley system at the Pinal Central Substation
22 and along the transmission line alignment, including the proposed Coolidge Generating
23 Station. Hearings by the Siting Committee for the Coolidge Generating Station commenced
24 on September 29, 2008, and concluded on October 1, 2008.

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* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On August 25, 2005, the Commission issued Decision No. 68093, which granted to SRP a modified and amended CEC issued by the Arizona Power Plant and Transmission Line Siting Committee.

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2. Decision No. 68093 includes Condition No. 23. Condition No. 23 states that the authority granted by the CEC includes contingent authority to construct a 230 kV circuit on the 500 kV structures authorized by the CEC, between the Santa Rosa and SEV Substations.¹

3. On November 14, 2005, the Commission issued Decision No. 68291 in this docket, which amended Decision No. 68093 to expand the corridor width of the CEC.

4. On December 8, 2006, the Commission issued Decision No. 69183 in this

¹ Condition No. 23 of Decision No. 68093 provides as follows:

23. The authority granted by this Certificate includes the authority to construct a 230 kV circuit on the 500kV structures (authorized within this Certificate), between the Santa Rosa and SEV Substations. This authority is contingent upon the following:

- (a) The Applicant will identify proposed use of the 230 kV facilities in a January 2006 filing of the annual ten year plan submittals. The Applicant will include the 230 kV facilities and the required technical study work in each subsequent ten year plan filing until the 230 kV facilities are constructed.
- (b) Prior to beginning construction of a 230 kV circuit on any portion of the route between the Santa Rosa and SEV Substations, Applicant shall submit to the Utilities Division of the Arizona Corporation Commission ("ACC Staff") a written study that describes the proposed 230 kV circuit and provides all available study results of a system reliability analysis relating to the proposed circuit, including but not limited to, studies demonstrating that the proposed 230 kV circuit meets NERC/WECC [North American Electricity Reliability Coordinating Council/Western Electricity Coordinating Council] reliability criteria as well as any other criteria utilized by the Commission at the time of the filing. The study will also identify the needs and objectives of the stakeholders, address how the 230 kV circuit will best meet the regional needs of the stakeholders and address how the 230 kV circuit will be incorporated with other long term 230 kV plans identified to meet the load serving needs of the region. The study will also address issues of reliability relating to consolidation of these lines on common structures, the use of common corridors and interconnection of facilities. The study work will be performed in an open and collaborative manner open to all stakeholders in a regional forum, such as the CATS-HV Technical Study Work Group.
- (c) Upon the submission of the study work described in subsection b (in the paragraph above) to the ACC Staff, the Applicant shall make a compliance filing with Docket Control documenting said study work submission. The ACC Staff shall then docket within 90 days a Staff Report with regard to the Applicant's study work. The Staff Report shall include a Staff recommendation as to whether a hearing should be held in this matter as well as Staff's recommendation as to whether the Commission should approve the Applicant's request to attach a 230 kV circuit line to the 500 kV structures. Regardless of whether the matter proceeds to a hearing, the Commission shall make the final determination whether the Applicant is authorized to construct the 230 kV circuit on any portion of the common 500 kV line structures spanning from Santa Rosa to the SEV Substations. Only upon receipt of an affirmative determination from the Commission, may the Applicant construct the 230 kV circuit described in subsection a.
- (d) A request for approval of a particular 230 kV circuit shall not preclude subsequent requests for other 230 kV circuits.

With respect to the Project, Applicant shall participate in good faith in state and regional transmission study forums, and shall coordinate transmission expansion plans related to the Project to resolve transmission constraints in a timely manner.

1 docket, which granted SRP the authority to construct a portion of the Desert Basin to Pinal
2 Central 230 kV line on common 500 kV structures with the Santa Rosa to Pinal Central 500
3 kV line pending the approval of the CEC for the Desert Basin 230 kV Project. The
4 Commission granted the CEC for the Desert Basin 230 kV Project on June 6, 2007 in Decision
5 No. 69647.

6 5. On June 30, 2008, pursuant to the requirements of Condition No. 23, SRP filed
7 three separate reports and technical study work to support a request for approval to construct a
8 230kV circuit on two separate segments of the 500 kV line. Specifically, SRP requested
9 authorization to add a 230 kV circuit to the 500 kV structures 1) from Santa Rosa Substation to
10 a point on Cornman Road, near its intersection with Thornton Road and 2) from the Pinal
11 Central Substation to the Abel Substation. The June 30, 2008 filing included the following
12 exhibits: a CATS-HV Saturated Load and Transmission Study Final Report dated
13 September 21, 2006, a Three Terminal Plan Corridor Outage Study for Segment 1² and an
14 Interconnection System Impact Study ("SIS") for the Coolidge Generating Station³ to support
15 the need for Segment 2.

16 6. On September 30, 2008, the Commission's Utilities Division Staff ("Staff")
17 filed a Staff Report Analyzing Salt River Project's Compliance with Condition No. 23 in
18 Docket No. L-00000B-04-0126 and Request for Approval to Construct a 230 kV line on the
19 aforementioned two segments of the Pinal West to Pinal Central to Abel 500 kV line ("Staff
20 Report"). Based on Staff's analysis, the Staff Report concluded that SRP had complied with
21 Condition No. 23 of the CEC granted in Decision No. 68093. Staff recommended approval of
22 construction of the requested 230 kV circuit for the stated purposes, without the need for a
23 hearing.

24 7. The Staff Report was provided to the service list in this docket, and no
25 objections were filed to Staff's recommendations.

26 ...

27 _____

28 ² Prepared by K.R. Saline & Associates, PLC

³ Prepared by SRP

1 8. Staff stated in its Staff Report that SRP and the Electrical Districts are currently
2 in compliance with the ongoing requirements of Condition No. 23(a).

3 9. Staff analyzed the CATS-HV Saturated Load and Transmission Study Final
4 Report dated September 21, 2006, the Three Terminal Plan Corridor Outage Study prepared by
5 K.R. Saline & Associates in support of Segment 1, and the SIS for the Coolidge Generating
6 Station prepared by SRP to support the need for Segment 2. Based on that analysis, Staff
7 concluded in its Staff Report that SRP had complied with each of the requirements listed in
8 Condition No. 23(b) of Decision No. 68093.

9 10. Staff stated in the Staff Report that the question of need for the two segments of
10 the requested 230 kV line has been amply demonstrated.

11 11. In its Staff Report, Staff stated that, based upon its analysis, the construction of
12 the 230 kV circuit on 500 kV structures in common with the Santa Rosa to Pinal Central to
13 Abel 500 kV line poses no material near-term system reliability risks, and that such
14 construction is compatible with and supportive of the long range service needs defined by local
15 stakeholders. Staff stated that it, therefore, supports the requested consolidation of the
16 proposed 230 kV line on common 500 kV structures for the purposes stated by SRP.

17 12. Staff stated that it believes no Commission hearing on SRP's request is required,
18 due to the statutory requirement for the SPRR Group to file an application for a CEC for the
19 planned Sawtooth Generating Station.

20 13. Staff's recommendations are reasonable and will be adopted.

21 14. Based on Staff's analysis (see Staff's memorandum of September 30, 2008) of
22 SRP's June 30, 2008 compliance filing and its attached studies, we find that SRP's June 30,
23 2008 compliance filing fulfills the requirements of Condition No. 23 in Decision No. 68093.

24 CONCLUSIONS OF LAW

25 1. The Commission has jurisdiction over SRP and the subject matter contained
26 herein pursuant to A.R.S. § 40-360 et seq.

27 2. Notice of the proceeding was given in the manner prescribed by law.

28 ...

ORDER

IT IS THEREFORE ORDERED that the Salt River Project Agricultural Improvement and Power District has met the requirements set forth in Condition No. 23 of Decision No. 68093.

11

1 IT IS FURTHER ORDERED that the Salt River Project Agricultural Improvement and
2 Power District may commence construction of the two segments of 230 kV line identified in
3 the Applicant's filing on common 500 kV structures with the Santa Rosa to Pinal Central to
4 Abel 500 kV line.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6
7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**
8

9
10 CHAIRMAN

COMMISSIONER

11
12 COMMISSIONER

COMMISSIONER

COMMISSIONER

13
14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
15 Director of the Arizona Corporation Commission, have
16 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2008.

17
18
19 _____
20 BRIAN C. McNEIL
EXECUTIVE DIRECTOR

21
22 DISSENT: _____

23
24 DISSENT: _____

25 EGJ:PKB:lh\CH
26
27
28

SERVICE LIST FOR: Salt River Project Agricultural Improvement and Power District
DOCKET NO. L-00000B-04-0126-00000

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